



भारत का राजपत्र The Gazette of India

असाधारण
EXTRAORDINARY

भाग II—खण्ड 2
PART II—Section 2

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY



सं० 54] नई दिल्ली, सोमवार अगस्त 16, 1976/श्रावण 25, 1898
No. 54] NEW DELHI, MONDAY, AUGUST 16, 1976/ SRAVANA 25, 1898

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 16th August, 1976:—

BILL No. 71 OF 1976

A Bill to provide for the acquisition of certain shares of the Indian Iron and Steel Company Limited with a view to securing the proper management of the affairs of the Company and the continuity and development of the production of goods which are vital to the needs of the country and for matters connected therewith or incidental thereto.

50 of 1972. WHEREAS the management of the undertaking of the Indian Iron and Steel Company Limited was taken over by the Central Government for a limited period under the Indian Iron and Steel Company (Taking Over of Management) Act, 1972, in order to secure the proper management of such undertaking;

AND WHEREAS the top management of the Company was guilty of mismanagement of the affairs of the Company and restoration, after the expiry of the limited period aforesaid, of the management of the affairs of the Company to such top management would be prejudicial to the interests of the company and to the public interest;

AND WHEREAS investment of a large amount is necessary for the maintenance and development of the production of the undertakings of the Company;

AND WHEREAS acquisition by the Central Government of an effective control over the affairs of the Company is necessary to enable it to make the investment aforesaid;

BE it enacted by Parliament in the Twenty-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

Short title
and com-
mence-
ment.

1. (1) This Act may be called the Indian Iron and Steel Company (Acquisition of Shares) Act, 1976.

(2) It shall be deemed to have come into force on the 17th day of July, 1976.

Defini-
tions.

2. In this Act, unless the context otherwise requires,—

(a) “appointed day” means the 17th day of July, 1976;

(b) “bank” means a banking company within the meaning of the Banking Regulation Act, 1949;

10 of 1949.

(c) “Company” means the Indian Iron and Steel Company Limited, being a company within the meaning of the Companies Act, 1956, and having its registered office at IISCO House, 50, Chowringhee Road, Calcutta;

1 of 1956.

(d) “Commissioner” means the Commissioner of Payments appointed under section 5;

(e) “notification” means a notification published in the Official Gazette;

(f) “prescribed” means prescribed by rules made under this Act;

(g) “share” means a share, whether equity or preference, in the capital of the Company, and includes a share pledged by any shareholder with any bank or other creditor, but does not include any share in the capital of the Company held by—

(i) any State Government;

(ii) the State Bank of India, established under section 3 of the State Bank of India Act, 1955 and its subsidiary banks;

23 of 1955.

(iii) the Steel Authority of India Limited, a company formed and registered under the Companies Act, 1956, and having its registered office at Hindustan Times House, Kasturba Gandhi Marg, New Delhi;

1 of 1956.

(iv) the Life Insurance Corporation of India, established under section 3 of the Life Insurance Corporation Act, 1956;

31 of 1956.

(v) the Unit Trust of India, established under section 3 of the Unit Trust of India Act, 1963;

52 of 1963.

(vi) any corresponding new bank, within the meaning of the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970;

5 of 1970.

57 of 1972.

(vii) any general insurance company nationalised by the General Insurance Business (Nationalisation) Act, 1972;

(h) "shareholder" means a person, who, immediately before the appointed day, was registered by the Company as the holder of any share;

(i) "specified date" means such date as the Central Government may, for the purpose of any provision of this Act, by notification, specify.

CHAPTER II

ACQUISITION OF THE SHARES OF THE COMPANY

3. (1) On the appointed day, all the shares of the Company shall, by virtue of this Act, stand transferred to, and vested in, the Central Government.

Transfer and vesting of shares of the Company in the Central Government.

(2) The Central Government shall be deemed, on and from the appointed day, to have been registered in the Register of members of the Company as the holder of each share which stands transferred to, and vested in, it by virtue of the provisions of sub-section (1).

(3) All the shares which have vested in the Central Government under sub-section (1), shall, by force of such vesting, be freed and discharged of all trusts, liabilities, obligations, mortgages, charges, liens and other incumbrances affecting them, and any attachment, injunction or any decree or order of the court, tribunal or other authority restricting the use of such shares in any manner, shall be deemed to have been withdrawn.

(4) For the removal of doubts, it is hereby declared that the provisions of sub-sections (1) and (2) shall not be deemed to affect—

(a) any right of the Company subsisting, immediately before the appointed day, against any shareholder to recover from such shareholder any sum of money on the ground that the shareholder has not paid or credited to the Company the whole or any part of the value of the shares held by him, or on any other ground whatsoever; or

(b) any right of the shareholder subsisting, immediately before the appointed day, against the Company to receive any dividend or other payment due from the Company.

4. (1) For the transfer to, and vesting in, the Central Government, under section 3, of the shares of the Company, there shall be given by the Central Government to the shareholders of the Company, in cash, and in the manner specified in section 6, an amount of rupees seven crores, twenty-three lakhs, ninety-five thousand and one hundred and thirty-seven and fifteen paise.

Payment of amounts.

(2) The amount, referred to in sub-section (1), shall carry simple interest at the rate of four per cent. per annum for the period com-

mening on the appointed day and ending on the date on which payment of such amount is made by the Central Government to the Commissioner.

Appoint-
ment of
Commis-
sioner
of Pay-
ments.

5. (1) The Central Government shall, for the purpose of disbursing the amounts payable to the Company under section 4, by notification, appoint a Commissioner of Payments.

(2) The Central Government may appoint such other persons as it may think fit to assist the Commissioner and thereupon the Commissioner may authorise one or more of such persons also to exercise all or any of the powers exercisable by him under this Act, and different persons may be authorised to exercise different powers.

(3) Any person authorised by the Commissioner to exercise any of the powers exercisable by the Commissioner may exercise those powers in the same manner and with the same effect as if they have been conferred on that person directly by this Act, and not by way of authorisation.

(4) The salaries and allowances of the Commissioner and other persons appointed under this section shall be defrayed out of the Consolidated Fund of India.

Payment
by the
Central
Govern-
ment
to the
Commis-
sioner.

6. (1) The Central Government shall, within thirty days from the specified date, pay, in cash, to the Commissioner, for payment to the shareholders of the Company,—

(a) an amount equal to the amount specified in sub-section (1) of section 4; and

(b) an amount equal to the amount determined under sub-section (2) of section 4.

(2) A deposit account shall be opened by the Central Government in favour of the Commissioner, in the Public Account of India, and every amount paid under this Act to the Commissioner shall be deposited by him to the credit of the said deposit account and the said deposit account shall be operated by the Commissioner.

(3) The interest accruing on the amount standing to the credit of the deposit account, referred to in sub-section (2), shall enure to the benefit of the shareholders of the Company.

Claims to
be made
to the
Commis-
sioner.

7. (1) Every shareholder, having a claim in relation to any share acquired by this Act, shall prefer such claim before the Commissioner within thirty days from the specified date:

Provided that if the Commissioner is satisfied that the claimant was prevented by sufficient cause from preferring the claim within the period of thirty days, he may entertain the claim within a further period of thirty days and not thereafter.

(2) Every shareholder of a preference share shall have a preferential claim with regard to the amount paid by the Central Government to the Commissioner.

8. On receipt of the claims made under section 7, the Commissioner shall separately arrange the claims in relation to preference shares and in relation to the equity shares and examine the claims in relation to each such share.

Examina-
tion of
claims.

9. (1) After examining the claims, the Commissioner shall fix a certain date on or before which every claimant shall file the proof of his claim or be excluded from the benefit of the disbursements made by the Commissioner.

Admis-
sion or
rejection
of claims.

(2) Not less than fourteen days' notice of the date so fixed shall be given by advertisement in one issue of the daily newspaper in the English language and in one issue of such daily newspaper in the regional language as the Commissioner may consider suitable, and every such notice shall call upon the claimant to file the proof of his claim with the Commissioner within the time specified in the advertisement.

(3) Every claimant, who fails to file the proof of his claim within the time specified by the Commissioner, shall be excluded from the disbursement made by the Commissioner.

(4) The Commissioner shall, after such investigation as may, in his opinion, be necessary, and after giving the Company an opportunity of refuting the claim and after giving the claimant a reasonable opportunity of being heard, in writing, admit or reject the claim in whole or in part.

(5) The Commissioner shall have the power to regulate his own procedure in all matters arising out of the discharge of his functions, including the place or places at which he will hold his sittings and shall, for the purpose of making an investigation under this Act, have the same powers as are vested in a civil court under the Code of Civil Procedure 1908, while trying a suit, in respect of the following matters, namely:—

5 of 1908.

(a) the summoning and enforcing the attendance of any witness and examining him on oath;

(b) the discovery and production of any document or other material object producible as evidence;

(c) the reception of evidence on affidavits;

(d) the issuing of any commission for the examination of witnesses.

(6) Any investigation before the Commissioner shall be deemed to be a judicial proceeding within the meaning of sections 193 and 228 of the Indian Penal Code and the Commissioner shall be deemed to be a civil court for the purposes of section 345 and Chapter XXVI of the Code of Criminal Procedure, 1973.

45 of 1860.

2 of 1974.

(7) A claimant, who is dissatisfied with the decision of the Commissioner, may prefer an appeal against the decision to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the Company is situated.

Disbursement of money by the Commissioner to claimants.

10 (1) After admitting a claim under this Act, the amount due in respect of each share acquired by virtue of this Act shall be paid by the Commissioner at the rate of rupees thirty-two and paise seventy-five per preference share, and at the rate of rupees four and paise seventy per equity share to the person or persons to whom such sums are due, and, on such payment, the liability of the Central Government in respect of the share so acquired shall stand discharged.

(2) The Commissioner shall also apportion amongst the shareholders, the amount paid to him by way of interest under sub-section (3) of section 6, and such apportionment shall be made on the basis of the amount due to each shareholder.

Undisbursed or unclaimed amount to be deposited to the general revenue account.

11. Any money paid to the Commissioner which remains undisbursed or unclaimed for a period of three years from the last day on which the disbursement was made, shall be transferred by the Commissioner to the general revenue account of the Central Government; but a claim to any money so transferred may be preferred to the Central Government by the person entitled to such payment and shall be dealt with as if such transfer had not been made, the order, if any, for payment of the claim being treated as an order for the refund of revenue.

Power of inspection.

12. For the purposes of ascertaining whether any person claiming payment under this Act is a shareholder, the Commissioner shall have the right to—

(a) require any person, having the possession, custody or control, of any register or record of the Company, to produce such register or record before the Commissioner;

(b) require any person to make any statement or furnish any information which may be required by the Commissioner.

CHAPTER III

MISCELLANEOUS

Act to have overriding effect.

13. The provisions of this Act shall have effect notwithstanding anything inconsistent therewith contained in any law, other than this Act, or in any instrument having effect by virtue of any law, other than this Act.

Penalties.

14. If any person,—

(a) makes any claim for any payment under this Act, knowing or having reason to believe that such claim is false or without any basis; or

(b) when required under this Act so to do,—

(i) omits or fails to produce any register or record of the Company; or

(ii) makes any statement or furnishes any information which is false in any material particular and which he knows or believes to be false or does not believe to be true; or

(c) makes any such statement as aforesaid in any book, account, record, register, return or other document,

he shall be punishable with imprisonment for a term which may extend to two years, or with fine which may extend to two thousand rupees, or with both.

15. (1) Where an offence under this Act has been committed by a company, every person who, at the time the offence was committed, was in charge of, and was responsible to, the company for the conduct of the business of the company as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly:

Offences
by com-
panies.

Provided that nothing contained in this sub-section shall render any such person liable to any punishment, if he proves that the offence was committed without his knowledge or that he had exercised all due diligence to prevent the commission of such offence.

(2) Notwithstanding anything contained in sub-section (1), where any offence under this Act has been committed with the consent or connivance of, or is attributable to any neglect on the part of, any director, manager, secretary or other officer, such director, manager, secretary or other officer shall be deemed to be guilty of that offence and shall be liable to be proceeded against and punished accordingly.

Explanation.—For the purposes of this section,—

(a) “company” means any body corporate and includes a firm or other association of individuals; and

(b) “director”, in relation to a firm, means a partner in the firm.

16. No court shall take cognizance of an offence punishable under this Act, except with the previous sanction of the Central Government or of an officer authorised by that Government in this behalf.

Limita-
tion of
cogniz-
ance of
offences.

17. (1) The Central Government may, by notification, make rules to carry out the provisions of this Act.

Power
to make
rules.

(2) Every rule made by the Central Government under this Act shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the rule or both Houses agree that the rule should not be made, the rule shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that rule.

10 of 1976. 18. The Indian Iron and Steel Company (Acquisition of Shares) Ordinance, 1976, is hereby repealed:

Repeal
and
saving.

Provided that notwithstanding such repeal, anything done or any action taken under the said Ordinance shall be deemed to have been done or taken under the corresponding provision of this Act.

STATEMENT OF OBJECTS AND REASONS

Due to mismanagement, there was a progressive decline in the production of the undertakings of the Indian Iron and Steel Company Limited. The condition of the plant and equipment was also not satisfactory and required immediate replacement. Financial difficulties faced by the company were also such that the company was not in a position either to make the necessary replacements or to undertake any plant rehabilitation scheme. In the circumstances, the management of the undertakings of the company was taken over by the Central Government in the public interest for a limited period under a Parliamentary legislation.

There was considerable improvement in the performance of the undertakings of the company after the management thereof had been taken over by the Central Government and the company, for the first time, achieved the target of production in 1975-76. In the circumstances, restoration of the management of the company to the same top management which had been responsible for the sad state of affairs would have been prejudicial to the public interest.

The financial condition of the company was very unsatisfactory. The burden of interest on loans and advances made to the company had reached the level of rupees 10 crores per year and was expected to reach rupees 14 crores per year within the next three years. It was not, therefore, possible to make the undertakings of the company viable without financial assistance from the Central Government. Direct financial assistance of the order required by the company could not be made available by the Central Government unless it had acquired a controlling interest in the company, to enable it to restructure the capital base of the company to make the necessary replacements and planned rehabilitation of the machinery and equipment. Since the company was engaged in the production of goods vital to the needs of the country, liquidation of the company (for insolvency) would have been against the public interest.

Having regard to these facts and the mounting burden of interest charges, the Indian Iron and Steel Company (Acquisition of Shares) Ordinance, 1976 (10 of 1976) was promulgated by the President to provide for the acquisition of the privately held shares in the company. The Bill seeks to replace the said Ordinance.

NEW DELHI;
The 4th August, 1976.

CHANDRAJIT YADAV.

PRESIDENT'S RECOMMENDATION UNDER ARTICLE 117
OF THE CONSTITUTION OF INDIA

[Copy of letter No. IND. II-8(49)/76, dated the 6th August, 1976 from Shri Chandrajit Yadav, Minister of Steel and Mines to the Secretary-General, Lok Sabha.]

The President, having been informed of the subject matter of the above Bill for acquisition of certain shares of Indian Iron and Steel Company Ltd., has recommended under article 117(1) and 117(3) of the Constitution, the introduction and consideration by Lok Sabha of the said Bill

FINANCIAL MEMORANDUM

By the Indian Iron and Steel Company (Acquisition of Shares) Ordinance, 1976 (10 of 1976), the privately held shares of the Indian Iron and Steel Company Limited were acquired by the Central Government on the 17th day of July, 1976. The Bill seeks to replace the said Ordinance.

Clause 4 of the Bill provides for the payment, in cash, to the shareholders, through the Commissioner of Payments, and amount of Rs. 7,23,95,137.15 for the acquisition of the said shares. The clause also provides that the said amount shall carry simple interest at the rate of 4 per cent. per annum commencing on the 17th day of July, 1976, and ending on the date on which payment is made by the Central Government to the Commissioner of Payments. The amount to be so paid by way of interest is likely to be of the order of Rs. 4,83,000.

Clause 5 of the Bill makes provision for the appointment of a Commissioner of Payments. The estimated recurring expenditure with regard to the salaries and allowances of the Commissioner and his staff is likely to be of the order of Rs. 10,000 per mensem.

The Bill, if enacted, would not involve any other recurring or non-recurring expenditure. But the purpose of acquisition of the privately held shares is to enable the Central Government to make additional investment of the order of rupees 60 crores (including rupees 23.25 crores for which provision has already been made in the Budget estimates for the year 1976-77). Such expenditure will, however, be incurred after due appropriation by Parliament by law.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 17 of the Bill seeks to confer on the Central Government the general rule-making power for carrying out the provisions of the Bill when enacted. The power of making rules is confined to matters of detail and procedure.

2. The delegation of legislative power is, therefore, of a normal character.

*Memorandum explaining the modifications made in the Bill to replace
the Indian Iron and Steel Company (Acquisition of Shares) Ordinance,
1976 (10 of 1976)*

Section 9 (7) of the Ordinance confers a right on the claimant, who is dissatisfied with the decision of the Commissioner of Payments, to prefer an appeal against such decision to the principal civil court of original jurisdiction within the local limits of whose jurisdiction the registered office of the company is situated. There was, however, a proviso to the said sub-section to the effect that where a person, who is a Judge of a High Court, is appointed to be the Commissioner of Payments, such appeal shall lie to the High Court at Calcutta and such appeal shall be heard and disposed of by atleast two Judges of the High Court. Since a decision has been taken to appoint the Iron and Steel Controller as the Commissioner of Payments, the said proviso is not necessary and, as such, is being omitted.

Section 12 of the Ordinance confers a power on the Central Government to require any person to produce any register or document or to make any statement. It is proposed to confer that power on the Commissioner of Payments instead of the Central Government.

S. L. SHAKDHER,
Secretary-General.

